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February 7, 2012

Harold Pettigrew, Jr., Director
Department of Small Local Business Development
441 4th Street, N.W., Suite 907B
Washington, D.C. 20001

RE: BUSINESS OPPORTUNITY CONCERN AND COMPLAINT
<u>EEC OF DC/FORRESTER JOINT VENTURE AGREEMENTS</u>

Dear Director Pettigrew:

My name is Andre Downey and I am the President of EEC of DC, Inc. (EEC). EEC is in a joint venture with Forrester Construction Company (Forrester) to perform certain renovations at Anacostia Senior High School (ASHS), as well as other joint ventures (as referenced below). EEC is the 51% CBE partner in each of the joint venture arrangements, while Forrester is the 49% partner.

I am writing to inform the Department of Small Local Business Development (DSLBD) of several potential violations of DSLBD laws and regulations relating to CBE participation in these joint ventures. I brought these matters to the attention of DSLBD without a formal complaint during our meeting on 11/22/11. I tried to use my own resources to ameliorate the situation to no avail. I have now come to the conclusion that Forrester will not honor the spirit and the letter of DSLBD laws and regulations regarding joint ventures.

Accordingly, I am providing DSLBD with a Business Opportunity Concern Form and supporting documentation (attached hereto) in an effort to enlist DSLBD's assistance to resolve these issues.

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In particular, I am concerned that Forrester may be engaging in a pattern of using CBE partners in joint ventures to receive point preferences, but then relegating the CBE's to subcontractor status, as opposed to partners, in the joint ventures—by applying financial pressure on the CBE partner and otherwise engaging in unfair business practices[1], once Forrester receives the point preferences. In EEC's case Forrester claimed it was its bonding & expertise that made winning the projects possible while devaluing the CBE preference points as part of the successful bid. I understand that my reporting of this conduct regarding the ASHS joint venture, and possibly other joint ventures, may negatively impact the contracts. However, I feel it is necessary to bring this to the attention of DSLBD because Forrester's behavior with its CBE joint venture partners (such as EEC and possibly others[2]) threatens to have a devastating impact on the CBE program.

Listed below are a few of the potential violations of DSLBD laws and regulations that I have encountered at ASHS, the construction of the Department of Employment Services (DOES) Headquarters joint venture with Forrester, and the Ward 1 Senior Wellness Center joint venture with Forrester.

Requirements of DSLBD law on Joint Venture Agreements	Potential Violation of DSLBD law on Joint Venture Agreements	Consequences to EEC
811.1(a)(4): Provides for the establishment and administration of a separate bank account in the name of the joint venture into which all funds received will be deposited and through which all expenses will be paid, and which requires all withdrawals and deposits to be approved by the CBE member of the joint venture management committee.	EEC signed Sun Trust Bank signature cards with Forrester's CFO. Since signing, Forrester has been making withdrawals and deposits without the approval of the CBE member (i.e. EEC) of the Joint Venture Management Team. (Copies of signature cards are attached).	EEC does not have signatory authority to the bank accounts (e.g., check writing, deposit process, etc.), and, therefore, has been stripped of any decision-making authority. As a practical matter, Forrester is deciding what to pay and what not to pay without the approval of the CBE member of the joint venture. In many cases control of the funds means control of the JV's. EEC is treated like a subcontractor. Thus, there is an overall lack of transparency.
811.1(a)(8): Contains a provision indicating that the joint venture agreement is the controlling agreement between the parties regarding interest, ownership,	The action of management agreement gives Forrester, the non-CBE partner in the joint ventures, a veto on all decisions made by the Management	As a result, EEC, the CBE partner in the joint venture, is not able to make final and controlling decisions regarding the joint venture. Forrester has also

[1] Forrester owes EEC, a small minority owned company, not less than $995,470.37 for work EEC performed in connection with two joint ventures, plus joint venture profits (which EEC is unable to determine because Forrester has been withholding certain financial information), and consequential damages.
[2] It has been brought to my attention that Forrester may have engaged in similar business practices with other CBE partners including, but not limited to, Motir Services, Inc. and Columbia Enterprises ~~Inc.~~

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control, responsibilities, duties, and functions of the parties and the joint venture agreement shall prevail if there is any conflict between the joint venture agreement and any other agreement between the parties.	Committee. Said agreement, which EEC was forced to sign under duress, (in the case of ASHS) was not approved by DSLBD pursuant to the requirements of §811.1(c), below.	subcontracted large contracts to itself & deemed any information related to the subcontracts off limits.
811.1(a) (9): Specifies the responsibilities of the parties in at least the areas of negotiations with the owners, subcontract negotiation, contract and subcontract performance.	Forrester handles all negotiations with the owner and subcontractors.	Forrester has purposely and systematically excluded EEC from and is not involved in the day-to-day management of the joint venture at ASHS, DOES or Sr. Wellness Ctr.
811.1(a) (10): Indicates that the CBE shall perform services of the joint venture, receive profits of the joint venture, provide labor hours required of the joint venture, or perform other work for the joint venture as approved by the Department that is at a minimum equal to its percentage of ownership interest in the joint venture.	Forrester has relegated EEC (the 51%CBE partner) to providing approximately 10% of the hours required to manage the project. Therefore, less than 50% of the dollars spent to manage the project goes to EEC.	EEC is doing less than 50% of the work required to manage the project at ASHS, DOES & Sr. Wellness Ctr.
811.1(c): Submit all other agreements between the parties regarding the operations of the joint venture.	Forrester had EEC sign a modification agreement, Action of Management Committee, which was not submitted to DSLBD as required by law.	Forrester, in effect, established control of the project under their company in contradiction to the spirit of the DSLBD law governing joint ventures. Forrester withheld and refused to pay EEC an outstanding $500,000 payment owed to EEC for work performed as a subcontractor under the ASHS joint venture in order to force

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		EEC to sign the modification agreement. Under duress and under protest, EEC signed the modification agreement in order to obtain past due, earned monies that it needed to fund its business operations.
812.1: A joint venture shall submit to the Department quarterly income statements showing all income or contract receipts and all expenses (including but not limited to, fees for services and labor, salaries of the joint venture principals, and distribution of profits) no later than sixty (60) days after the end of each operating quarter of the calendar year.	The construction on ASHS by the EEC/Forrester Joint Venture started January 2010. No quarterly income statements have been provided to DSLBD. Forrester has maintained control of these records to the exclusion of EEC.	Many of the breaches of the Joint Venture Agreement that DSLBD might have been able to detect have gone unnoticed to the detriment of EEC as the CBE partner.

Because of Forrester's conduct, especially its persistent withholding of monies due, EEC finds itself in severe financial straits, and seeks DSLBD's involvement to remedy this situation.

Thank you for your time and attention to this matter.

Respectfully,

Andre J. Downey
President, EEC of DC, Inc.

Enclosures